

contracting and lease parties listed on Schedules 4.20 and 4.21 of the Disclosure Schedules, (v) all parties that provide telecommunications services to the Debtors pursuant to a tariff, (vi) all parties who have made written expressions of interest in acquiring the Sale Assets or the Business within two (2) months prior to the date of this Bidding Procedures Order (vii) all appropriate federal, state and local taxing authorities, (viii) all known persons holding a lien on any of the Sale Assets, and (ix) all parties having filed a notice of appearance in the Debtors' chapter 11 cases pursuant to Bankruptcy Rule 2002, and shall constitute good and sufficient notice of the proposed Sale Transaction, Auction and Sale Hearing

17 Pursuant to Bankruptcy Rule 2002, notice of the proposed assumption and assignment of the Assumed Contracts (the "Cure Procedures"), in the form annexed hereto as Exhibit 2 which shall reflect the Cure Amounts that the Debtors believe must be paid to cure all defaults under the Assumed Contracts, shall constitute good and sufficient notice of the Debtors' intent to assume and assign the Assumed Contracts, and shall (a) be served, at Buyer's direction, at least 20 days prior to the hearing to confirm the Bankruptcy Plan, to all counterparties to the Assumed Contracts or (b) in the event of an Early Closing Notice, be served on all counterparties to the Assumed Contracts within four (4) Business Days of such Early Closing Notice. Buyer and the Debtors shall keep confidential the Executory Contracts as set forth in Section 3.5(d) of the Purchase Agreement. With respect to the Assumed Contracts, Buyer shall cooperate with Sellers to provide adequate assurance of future performance as required by section 365 of the Bankruptcy Code.

18 With respect to the proposed assumption and assignment of the Assumed Contracts, Cure Amounts that must be paid to cure defaults under the Assumed Contracts shall be determined in accordance with the following procedures (the "Cure Procedures")

Procedure	Description
<i>Notice of Assumption and Assignment Objection Deadline</i>	At least 20 days prior to the hearing to confirm the Bankruptcy Plan (or, in the event of an Early Closing Notice, within four Business Days of such Early Closing Notice), the Debtors, or the Debtors' noticing agent, shall serve a copy of the Bidding Procedures Order together with the Notice of the Debtors' Intent to Assume and Assign Executory Contracts and Unexpired Leases (the "Contract Assignment Notice"), substantially in the form of Exhibit 2 attached to the Bidding Procedures Order, by first class mail to the Contract Parties and, to the extent an attorney representing a Contract Party has filed a notice of appearance in the Debtors' chapter 11 cases on behalf of the Contract Party, the attorney for the Contract Parties, notifying them of the Debtors' intent to assume and assign each agreement listed on Exhibit A of the Contract Assignment Notice (as it may be modified by that time) and of the Cure Amount determined by the Debtors for each such Assumed Contract to be necessary for such assumption and assignment on the Closing Date
<i>Assumption and Assignment Objections</i>	Any Contract Party seeking to (a) assert a Cure Amount based on defaults, conditions or pecuniary losses under its Assumed Contract (collectively, the "Cure Obligation") different from that set forth on any of the Contract Assignment Notices or (b) object to the potential assumption and assignment of its Assumed Contract on any other grounds, shall be required to file and serve an objection (an "Assumption and Assignment Objection"), in writing, setting forth with specificity (i) any and all Cure Obligations that the Contract Party asserts must be cured or satisfied with respect to such Assumed Contract and/or (ii) if the objection to the potential assignment of such Assumed Contract is based on adequate assurance issues, the information required regarding the Buyer to satisfy the Contract Party's adequate assurance concerns.
<i>Assumption and Assignment Objection Deadline</i>	To be considered a timely Assumption and Assignment Objection, the Assumption and Assignment Objection must be filed with the Court and a copy delivered to (i) the attorneys for the Debtors, Kirkland & Ellis LLP, Citigroup Center, 153 East 53 <sup>rd</sup> Street, New York, NY 10022-4611, Attn. Michael J Frishberg, Esq., (ii) the Office of the United States Trustee, 33 Whitehall Street, 21st

Procedure	Description
	Floor, New York, New York 1004 (Attn. Pamela J. Lustrin, Esq ), (iii) the attorneys for the Bank Agent, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E , 24th Floor, Atlanta, Georgia 30308 (Attn. Jesse Austin, III, Esq ), (iv) the attorneys for the Creditors' Committee, Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn. Ira S Dizengoff, Esq.), (v) the attorneys for the Buyer, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn. Paul M. Basta, Esq ) and (vi) any other party or partner set forth in the Contract Assignment Notice so as to be received no later than 15 days after service of the Contract Assignment Notice (the "Assumption and Assignment Objection Deadline")
<b><i>Failure to File Assumption and Assignment Objection</i></b>	Unless an Assumption and Assignment Objection is timely filed and served by a Contract Party by the Assumption and Assignment Objection Deadline, the assumption and assignment of the applicable Assumed Contract at the Sale Approval Hearing may occur without regard to any objection such party may have or any provisions to the contrary in the applicable Assumed Contract
<b><i>Waiver of Assumption and Assignment Objection</i></b>	Contract Parties that fail to file and serve Assumption and Assignment Objections as provided above shall be deemed to have waived and released any and all Cure Obligations and shall be forever barred and estopped from asserting or claiming against the Debtors, the Buyer or any other Successful Bidder of the relevant contract or lease that any additional amounts are due or defaults exist, or prohibitions or conditions to assignment exist or must be satisfied, under such Assumed Contract for the period prior to the closing date

19 The Debtors are hereby authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures and Cure Procedures

Dated: New York, New York  
January 15, 2004

/s/ ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

## EXECUTION COPY

VOTING AND LOCKUP AGREEMENT

VOTING AND LOCKUP AGREEMENT, dated as of February 18, 2004 by and among Allegiance Telecom, Inc., a Delaware corporation ("ATF"), Allegiance Telecom Company Worldwide, a Delaware corporation ("ATCW" and, together with ATL, "Sellers" and each individually, a "Seller"), XO Communications, Inc., a Delaware corporation ("Buyer" or the "Company") and Cardiff Holding LLC ("Stockholder") Capitalized terms used but not defined herein shall have the meanings set forth in the Asset Purchase Agreement (as defined below).

R E C I T A L S:

WHEREAS, Sellers and Buyer propose to enter into an Asset Purchase Agreement of even date herewith (the "Asset Purchase Agreement") pursuant to which substantially all of the assets of Sellers will be sold to Buyer (the "Transaction") upon the terms and conditions set forth in the Asset Purchase Agreement, and Buyer's consideration therefore shall include 45,380,000 shares (subject to adjustment for stock splits, stock dividends, share exchanges, share combinations, recapitalizations and reorganizations or other similar transactions and as set forth in the Asset Purchase Agreement) of Common Stock (the "Stock Consideration"), as defined as XO Common Stock and more fully described in the Asset Purchase Agreement, a draft of which has been made available to Stockholder;

WHEREAS, as of the date hereof the number of issued and outstanding shares of common stock, par value \$.01 per share, of Buyer (the "Common Stock") outstanding is approximately 136,200,000,

WHEREAS, the Board of Directors of the Company has adopted resolutions approving the Asset Purchase Agreement, and, for purposes of Section 161 of the Delaware General Corporation Law ("DGCL"), issuance of the Common Stock;

WHEREAS, as a condition precedent to entering into the Asset Purchase Agreement, Sellers require that Stockholder execute and deliver this Agreement;

NOW, THEREFORE, in consideration of the execution and delivery by Sellers of the Asset Purchase Agreement and the mutual covenants, conditions and agreements contained herein and therein, and intending to be legally bound hereby, the parties hereto agree as follows:

1     Transfer of Shares. Stockholder shall not at any time prior to or on the Closing Date, directly or indirectly, (a) sell, pledge, transfer, assign, donate or otherwise dispose of or encumber any or all of such Stockholder's Common Stock or securities convertible into or exchangeable or exercisable for any Common Stock, (b) deposit any Common Stock or securities convertible into or exchangeable or exercisable for any Common Stock, into a voting trust or enter into a voting agreement or arrangement with respect to any Common Stock or grant any proxy with respect thereto (c) enter into any contract, option or other arrangement or undertaking with respect to the direct or

indirect acquisition or sale, assignment, transfer or other disposition of any Common Stock or securities convertible into or exchangeable or exercisable for any Common Stock, (d) enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or securities convertible into or exchangeable or exercisable for any Common Stock, whether any such aforementioned transaction is to be settled by delivery of the Common Stock or such other securities, in cash or otherwise or (e) publicly announce or disclose the intention to make any such sale, pledge, transfer or other disposition, in the cases of clauses (a) through (e) above, if such action would cause Stockholder to own directly or indirectly less than 51% of the outstanding shares of Common Stock, provided, that Stockholder may transfer the outstanding shares of Common Stock as of the date hereof so long as the transferee of such shares executes and delivers to Sellers a written agreement agreeing to be bound by the terms and conditions of this Agreement.

2. Voting of Shares (a) To the extent there is a shareholder vote to approve the Asset Purchase Agreement and issuance of the Stock Consideration, Stockholder, by this Agreement, with respect to any Common Stock owned by Stockholder on the date hereof (and any additional shares of Common Stock acquired by Stockholder), hereby agrees that, at the Company stockholders' meeting or any meeting of the stockholders of the Company, however called, and in any action by written consent of the stockholders of the Company, such Stockholder shall vote all of Stockholder's Common Stock (i) in favor of the adoption and approval of the Asset Purchase Agreement and the issuance of the Stock Consideration, and (ii) against any other action or transaction to be voted on by the Company's stockholders that would, if approved, render the proxy given with respect to the matters described in the immediately preceding clause (i) ineffective to cause the approval of the Asset Purchase Agreement and the issuance of the Stock Consideration.

(b) The obligations of Stockholder under this Agreement shall terminate upon the earliest of (i) the Early Funding Date, (ii) the Closing Date or (iii) on the date of termination of the Asset Purchase Agreement in accordance with its terms. Nothing in this Section 2(b) shall relieve any party of liability for any breach of this Agreement.

3. IRREVOCABLE PROXY. STOCKHOLDER HEREBY IRREVOCABLY GRANTS TO, AND APPOINTS, MARK B. TRESNOWSKI AND ANNIE S. TERRY, OR ANY OF THEM, IN THEIR RESPECTIVE CAPACITIES AS OFFICERS OF SELLERS, SUCH STOCKHOLDER'S ATTORNEY-IN-FACT AND PROXY WITH FULL POWER OF SUBSTITUTION, TO VOTE AND OTHERWISE ACT (BY WRITTEN CONSENT OR OTHERWISE) WITH RESPECT TO SUCH STOCKHOLDER'S COMMON STOCK AT THE COMPANY STOCKHOLDERS' MEETING OR ANY MEETING OF STOCKHOLDERS OF THE COMPANY, HOWEVER CALLED, AND IN ANY ACTION BY WRITTEN CONSENT OF THE STOCKHOLDERS OF THE COMPANY, SOLELY ON THE MATTERS AND IN THE MANNER SPECIFIED IN SECTION 2. THIS PROXY AND POWER OF ATTORNEY ARE IRREVOCABLE AND COUPLED WITH AN INTEREST. EACH STOCKHOLDER HEREBY REVOKES ALL OTHER PROXIES AND POWERS OF ATTORNEY WITH RESPECT TO SUCH

STOCKHOLDER'S COMMON STOCK THAT MAY HAVE HERETOFORE BEEN APPOINTED OR GRANTED (THE "PREVIOUS PROXY"), AND NO SUBSEQUENT PROXY OR POWER OF ATTORNEY SHALL BE GIVEN OR WRITTEN CONSENT EXECUTED (AND IF GIVEN OR EXECUTED, SHALL NOT BE EFFECTIVE) BY STOCKHOLDER WITH RESPECT THERETO. ALL AUTHORITY HEREIN CONFERRED OR AGREED TO BE CONFERRED SHALL SURVIVE THE DEATH OR INCAPACITY OF ANY STOCKHOLDER THAT IS A NATURAL PERSON, AND THE TERMINATION OF THE PREVIOUS PROXY AND ANY OBLIGATION OF THE STOCKHOLDER UNDER THIS AGREEMENT SHALL BE BINDING UPON THE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS OF STOCKHOLDER.

4      Representations and Warranties.

(a) Each Seller represents and warrants to Stockholder and Buyer (except as otherwise provided in the Asset Purchase Agreement), and each of Buyer and Stockholder, represents and warrants to Sellers, as follows:

- (i) Such party has all necessary power and authority to enter into this Agreement, to carry out such party's obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by such party, and this Agreement constitutes a legal, valid and binding obligation of such party enforceable against such party in accordance with its terms;
- (ii) The execution and delivery of this Agreement by such party do not, and the performance of this Agreement by such party will not, (a) conflict with or violate any Law applicable to such party or by which any property or asset of such party is bound or affected or (b) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien or other encumbrance on any property or asset of such party pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation of such party;
- (iii) The execution and delivery of this Agreement by such party do not, and the performance of this Agreement by such party will not, require any consent, approval, authorization or permit of, or filing with or notification to any domestic or foreign Governmental Entity (other than any filing with, or notification to, the Securities and Exchange Commission), and
- (iv) On the date of this Agreement, no claim, action, proceeding or investigation is pending or, to the knowledge of such party, threatened against such party, which seeks to delay or prevent the consummation of, or which would be reasonably likely to materially adversely affect such party's ability to consummate, the transactions

contemplated by this Agreement.

(b) Stockholder represents and warrants to Sellers as of the date hereof, as follows:

- (i) Stockholder's ownership of Common Stock equals or exceeds fifty-one percent (51%) of the Common Stock which constitutes a majority of the voting shares of the Company, and
- (ii) Stockholder understands and acknowledges that (i) the execution and delivery of this Agreement is a condition precedent to the execution of the Asset Purchase Agreement and (ii) Sellers are entering into the Asset Purchase Agreement in reliance upon Stockholder's execution and delivery of this Agreement

(c) Buyer represents and warrants to Sellers as of the date hereof, as follows:

- (i) If shareholder approval is required, such approval constitutes the only corporate or shareholder action required under the certificate of incorporation and bylaws of the Company in order to adopt the Asset Purchase Agreement, approve the issuance to Buyer of the Stock Consideration and the other transactions contemplated by the Asset Purchase Agreement;
- (ii) This Agreement does not conflict with the Company's certificate of incorporation and bylaws;
- (iii) Stockholder's ownership of Common Stock equals or exceeds fifty-one percent (51%) of the Common Stock; and

5. Further Assurances; Issuances of Equity.

(a) Buyer and Stockholder shall take any further action necessary to carry out the intent of this Agreement, including preparing and distributing a proxy solicitation and calling a meeting of the stockholders of Buyer.

(b) Prior to the Closing Date, Buyer shall not (and Stockholder shall cause Buyer not to) issue any equity securities or other instrument with voting rights, except for (i) issuances of equity to management that will not in the aggregate cause Stockholder to own less than fifty-one percent (51%) of outstanding voting shares of Common Stock or (ii) issuances of equity to any Person who executes and delivers written agreements to be bound by the terms and conditions of this Agreement to the extent required to deliver Sellers a proxy on behalf of holders of 51% of the outstanding voting shares of Common Stock outstanding at such time.

6. Miscellaneous.

(a) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect as long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party

(b) Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise)

(c) Nothing in this Agreement, express or implied, is intended to or shall confer upon any person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(d) The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity

(e) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware

**(f) Each of the parties hereto irrevocably and unconditionally waives all right to trial by jury in any action, proceeding or counterclaim (whether based in contract, tort or otherwise) arising out of or relating to this Agreement or the actions of the parties hereto in the negotiation, administration, performance and enforcement thereof.**



IN WITNESS WHEREOF, the parties have executed this Voting and Lockup Agreement as of the date first written above.

SELLERS:

ALLEGIANCE TELECOM, INC

By \_\_\_\_\_  
Name  
Title

ALLEGIANCE TELECOM COMPANY WORLDWIDE

By \_\_\_\_\_  
Name  
Title

**BUYER:**

XO COMMUNICATIONS, INC.

By \_\_\_\_\_

Name

Title:

**STOCKHOLDER:**

CARDIFF HOLDING LLC

ACF INDUSTRIES HOLDING CORP.  
MEMBER

By \_\_\_\_\_

Name

Title.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

Chapter 11  
Case No. 02-130507 (RDD)

Allegiance Telecom, Inc., et al.

(Jointly Administered)

Debtors

**ORDER (I) APPROVING THE SALE FREE AND  
CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES  
TO THE SUCCESSFUL BIDDER, (II) AUTHORIZING THE  
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES, AND (III) GRANTING RELATED RELIEF**

Upon the motion, dated December 18, 2003 (the "Motion"), of Allegiance Telecom, Inc. ("Allegiance") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, together with Allegiance, the "Debtors"), for an order (i) approving the sale to XO Communications, Inc. or its designee (the "Successful Bidder" or "Buyer"), pursuant to and in accordance with a certain Asset Purchase Agreement<sup>1</sup> by and among certain of the Debtors and Buyer, a copy of which is attached hereto as Exhibit A (the "Purchase Agreement"), of either (a) substantially all of the assets of Allegiance and Allegiance Telecom Company Worldwide ("ATCW") and all of the stock of the direct and indirect reorganized subsidiaries of ATCW, excluding the stock of Shared Technologies (collectively, the "Subsidiary Sellers"), which shall be effectuated through a plan of reorganization, or (b) alternatively, at the election of either of the parties as provided in and subject to the terms of the Purchase Agreement, substantially all of the assets of Allegiance, ATCW, and the Subsidiary Sellers (in either instance ((a) or (b)) above, collectively, the "Sale Assets"), free and clear of all liens, claims,

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement

encumbrances and interests, and certain taxes, (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases, and (iii) granting certain related relief, and the Court having entered an order (the "Bidding Procedures Order") on January 15, 2004 approving the Bidding Procedures (as defined therein) which is Docket No. 867; and the Court having held a hearing on February 19, 2004 to approve the relief requested in the Motion (the "Sale Hearing"), and it appearing that notice of the Sale Hearing has been provided to (1) the Office of the United States Trustee; (ii) the attorneys for Prepetition Lenders (as defined in the Motion); (iii) the attorneys for the Creditors' Committee (as defined in the Motion), (iv) all nondebtor contracting and lease parties identified on Schedule 4.20 and 4.21 of the Disclosure Schedules; (v) all parties that provide telecom services to the Debtors pursuant to tariffs; (vi) all parties who have made written expressions of interest in acquiring the Sale Assets or the Business within two (2) months prior to the date of the Motion; (vii) all known persons holding Interests (as defined herein); (viii) the Securities and Exchange Commission, (ix) all taxing authorities that have jurisdiction over the Sale Assets; (x) all Governmental Entities having jurisdiction over the Sale Assets with respect to Environmental Laws; (xi) the attorneys general of all states in which the Sale Assets are located; (xii) the Federal Communications Commission and applicable state public utility and other applicable regulatory commissions; and (xiii) all other parties that had filed a notice of appearance and demand for service of papers in these bankruptcy cases under Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") as of the date of the Motion; and it appearing that notice of the Sale Hearing was published in the national editions of The New York Times and The Wall Street Journal on January 28, 2004; and it appearing that such notice constitutes good and sufficient notice of the Motion and Sale Hearing and that no other or further notice need be provided; and upon the Motion and the record of the

Sale Hearing and all other proceedings had before the Court, and all objections to the Motion having been resolved, expunged or overruled, and it appearing that an order approving the transaction(s) contemplated in the Purchase Agreement (collectively, the "Sale Transaction") is in the best interests of the Debtors and all parties in interest, and it appearing that the Court has jurisdiction over this matter, and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A This Court has jurisdiction over the Motion under 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding under 28 U.S.C. § 157(b)(2)(A). Venue of these cases and the Motion in this Court is proper under 28 U.S.C. §§ 1408 and 1409.

B The statutory predicates for the relief sought in the Motion are sections 105(a), 363(b), (f), (m), and (n) of the United States Bankruptcy Code (the "Bankruptcy Code") and Bankruptcy Rules 2002, 6004, 6006, and 9014.

C Proper, timely, adequate, and sufficient notice of the Motion and the Sale Transaction has been provided in accordance with sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 2002(i), 6004, and 9014, in compliance with the Order Establishing Notice Procedures, dated May 15, 2003, and in compliance with the Bidding Procedures Order. Such notice is good and sufficient, and appropriate under the particular circumstances, and no other or further notice of the Motion or the Sale Hearing is or shall be required.

D As demonstrated by the pleadings and affidavit of publication filed in connection herewith, the Debtors have marketed the Sale Assets and conducted the sale process in compliance with the Bidding Procedures Order and have completed a full, fair and complete auction process.

E No consents or approvals, other than those expressly set forth in and required by the Purchase Agreement or expressly set forth herein, are required for the Debtors or Buyer to consummate the Sale Transaction.

F Approval of the Purchase Agreement and consummation of the Sale Transaction at this time are in the best interests of the Debtors, their creditors and their estates.

G The Debtors have demonstrated both (i) good, sufficient and sound business purpose and justification, and (ii) compelling circumstances for approval of the Sale Transaction pursuant to section 363(b) of the Bankruptcy Code and in connection with a plan of reorganization.

H A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

I The Purchase Agreement was negotiated, proposed and entered into by the Debtors and Buyer, in good faith, without collusion, and from arm's-length bargaining positions. Neither the Debtors nor Buyer have engaged in any conduct that would cause or permit the Purchase Agreement to be avoided under section 363(n) of the Bankruptcy Code. Buyer is not an "insider" of any of the Debtors, as that term is defined in section 101 of the Bankruptcy Code.

J Buyer was the winning bidder for the Sale Assets at the Debtors' auction conducted on February 12 and 13, 2004. Buyer is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. Both Sellers and Buyer will be acting in good faith within the meaning of section 363(m) of the Bankruptcy Code in closing the Sale Transaction at all times.

K The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia

L The Purchase Price for the Sale Assets pursuant to the Purchase Agreement (i) is fair and reasonable, (ii) is the highest and best offer for the Sale Assets, and (iii) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, and the District of Columbia

M The transfer of the Sale Assets to Buyer will be a legal, valid, and effective transfer of the Sale Assets, and will vest Buyer with all rights, title and interest in and to the Sale Assets free and clear of all Interests (other than Permitted Liens of the type set forth in clause (iii) of the definition thereof contained in the Purchase Agreement), which have, or could have, been asserted by the Debtors or their creditors or any other person

N The Debtors have demonstrated compelling and sound business justifications for authorizing and approving the process (the "Early Funding Process") established under the Purchase Agreement, the Operating Agreement (as defined below) and related documents, pursuant to which, on the date (the "Early Funding Date") that the events in paragraph N(i) through N(v) have occurred (even before all State PUC Consents have been obtained as required by applicable law), Buyer shall pay the Purchase Price, as may be adjusted in accordance with the Purchase Agreement, into escrow, pursuant to the Purchase Price Escrow Agreement, and manage and control the Acquired Assets until Closing, at which time the Purchase Price shall be released from escrow and the Sale Transaction shall be consummated in accordance with the Purchase Agreement: (i) the receipt by the parties of FCC Consent; (ii) the expiration or earlier termination of the applicable waiting period under the HSR Act in respect of

the Sale Transaction and any other transactions contemplated by the Purchase Agreement; (iii) the satisfaction or waiver of the conditions to Closing set forth in the Purchase Agreement, except for the conditions contained in Section 7.4(a) of the Purchase Agreement (relating to the Bankruptcy Plan); (iv) the satisfaction or waiver of the conditions contained in Section 8.3 of the Purchase Agreement that, in the event of an Early Closing Election, (x) the Closing pursuant thereto shall not occur sooner than the later of thirty-five (35) days after the Sale Order Approval Date or twenty (20) Business Days after the delivery of either such elections, (y) Sellers shall serve a notice to assume or to assume and assign the Assumed Contracts on all non-debtor parties to the Assumed Contracts at least twenty (20) days prior to the Closing, and (z) the Closing shall occur no sooner than twenty (20) Business Days after the delivery of the notices required under Section 8.3 of the Purchase Agreement in respect of Additional Assumed Contracts, and (v) execution and delivery by the Debtors and Buyer of an Operating Agreement substantially in the form annexed to the Purchase Agreement (the "Operating Agreement"). Such compelling and sound business justifications for the Early Funding Process include greater certainty for the Debtors that Closing will occur and a potential reduction of certain expenses that otherwise may have been borne by the Debtors' estates during the period commencing on the Early Funding Date and ending on the Closing Date.

O. The Debtors have demonstrated a compelling and sound business justification for authorizing the payment of the Liquidated Damages (as defined below) to the Buyer under the circumstances, timing and procedures set forth in the Purchase Agreement. The Liquidated Damages are not a penalty but, rather, a reasonable estimate of the damages to be suffered by Buyer in the event the transactions contemplated by the Purchase Agreement are not consummated under the circumstances set forth therein.



P The Liquidated Damages were a material inducement for, and express condition of, Buyer's willingness to enter into the Purchase Agreement, and Buyer was unwilling to commit to hold open its offer to acquire the Sale Assets, pending Closing, and to consummate the other transactions under the terms of the Purchase Agreement unless it was assured of the right to payment of the Liquidated Damages

Q Solely for purposes of section 1145 of the Bankruptcy Code, Buyer is a successor of the Debtors and has acquired substantially all of the assets of the Debtors.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND  
DECREED THAT:**

1 The Motion is granted

2 All objections to the Motion or the relief requested therein, if any, that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby overruled on the merits.

Approval of the Purchase Agreement

3. The Purchase Agreement and all of the terms and conditions thereof are hereby approved

4. Pursuant to section 363(b) of the Bankruptcy Code, the Debtors and Buyer are authorized and directed to consummate the Sale Transaction, pursuant to and in accordance with the terms and conditions of the Purchase Agreement.

5. The Debtors are authorized and directed to execute and deliver, and empowered to perform under, consummate and implement the Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably

requested by Buyer as may be necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement

6 The Debtors have completed a full, fair and complete auction process

Transfer of the Sale Assets

7 Pursuant to sections 105(a), 363(b) and 363(f) of the Bankruptcy Code, the transfer of the Sale Assets, including all of the stock of the reorganized Subsidiary Sellers as provided in and in accordance with the Purchase Agreement (if no Early Closing Election is made), any limited liability company ("LLC") membership interests and any Equipment or other Acquired Assets of Debtors that may be transferred to such LLC prior to the Closing, to Buyer on the later of (i) the Closing, or (ii) the date(s) of applicable State PUC Consent or FCC Consent, shall vest in Buyer (or such LLC as the case may be with respect to Equipment or other Acquired Assets) with all rights, title, and interest in and to the Sale Assets and shall be, free and clear of all liens or encumbrances on, interests in, claims against, and set-off, recoupment, and other rights as to, of any type or nature whatsoever ("Interests") (other than Permitted Liens of the type set forth in clause (iii) of the definition thereof contained in the Purchase Agreement), which have, or could have, been asserted by the Debtors or their creditors or other persons, including the Bank of New York, as Indenture Trustee, in connection with the Debtors' chapter 11 cases, if any, with all such Interests of any kind or nature whatsoever to attach to the net proceeds that the Debtors ultimately realize from the Sale Transaction contemplated herein in the order of their priority, with the same validity, force and effect which they now have as against the Sale Assets, subject to any claims and defenses the Debtors may possess with respect thereto; provided, however, if such transfer of the Sale Assets is effectuated through a plan of

reorganization, such transfer shall be authorized pursuant to such plan in accordance with section 1123(a)(5) of the Bankruptcy Code

8        Whether or not an Early Closing Election is made, Buyer shall have no liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Sale Assets other than as expressly set forth in the Purchase Agreement and in no event shall Buyer have any liability or responsibility for any Excluded Liabilities (including any unrecorded liabilities of the Debtors). Without limiting the effect or scope of the foregoing, the transfer of the Sale Assets (including, without limitation, stock in the reorganized Subsidiary Sellers) from the Debtors to Buyer does not and will not subject Buyer or its affiliates, successors or assigns or their respective properties (including the Sale Assets) to any liability for claims (as that term is defined in section 101(5) of the Bankruptcy Code) against the Debtors or the Sale Assets by reason of such transfer under the laws of the United States or any state, territory or possession thereof applicable to such transactions. Neither Buyer nor its affiliates, successors or assigns shall be deemed, as a result of actions taken in connection with the purchase of the Sale Assets: (i) to be a successor to the Debtors (except for purposes of section 1145 of the Bankruptcy Code), or (ii) to be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors. Neither Buyer nor its affiliates, successors or assigns is acquiring or assuming (except as expressly set forth in the Purchase Agreement) any liability, warranty or other obligation of the Debtors, including, without limitation, any tax incurred but unpaid by the Debtors prior to the date of the Closing, including, but not limited to, any tax, any fine or any penalty relating to a tax, or any addition to a tax, whether or not previously assessed, fixed or audited, whether or not paid, and whether or not contested before and adjudicated by a judicial or administrative tribunal of competent jurisdiction.

9        The process set forth in the Purchase Agreement, the Operating Agreements, the Transition Plan and other related documents for obtaining all approvals, consents (including assignments of any permits and rights of way), certificates, waivers and other authorizations required to be obtained from, or filings or other notices required to be made with or to any Governmental Entities having jurisdiction over any of the Sale Assets in order to consummate the transactions contemplated by the Purchase Agreement and the other related transaction documents and the transfer of such Sale Assets, including the Non-Transferred Assets, to Buyer upon the receipt of such approvals (the "Regulatory Transition Process") is hereby approved and authorized pursuant to sections 105, 363 and 365 of the Bankruptcy Code

10.      The Early Funding Process, including, without limitation, Buyer's (a) right to manage the Acquired Assets pursuant to the Operating Agreement in connection therewith and in accordance with the Purchase Agreement, subject to the supervision of the Debtors, (b) assumption of all liabilities relating to the Acquired Assets incurred from and after the Early Funding Date and (c) exclusive right to receive and retain all the benefits from the Acquired Assets and businesses relating thereto from and after the Early Funding Date, is hereby approved and authorized pursuant to sections 105, 363 and 365 of the Bankruptcy Code.

11.      The Sale Assets shall not include any of the equipment owned by Wells Fargo Leasing Vendor Services Corp., which equipment was previously leased to the Debtors under equipment finance leases 4246178, 42461486, 42461474, 42455081, 42457102, 42455047, 42455131, and 42461460, said equipment being eight (8) Canon 5000 S copy machines and eight (8) Canon 5000 S finishers, provided, however, that this paragraph shall not prohibit the assumption and/or assignment to the Buyer of the Debtors' interest in such equipment finance leases.

Assumption and Assignment of Assumed Contracts to Buyer

12 Pursuant to sections 105(a) and 365 of the Bankruptcy Code, (a) on the later of (i) the Closing, or (ii) the applicable State PUC Consent or FCC Consent, or (b) in the event of an Early Closing Election, the Debtors' assumption of the Assumed Contracts and the Debtors' assignment to Buyer of the Assumed Contracts to which Allegiance and/or ATCW are a party and, if an Early Closing Election is made, all other Assumed Contracts and Buyer's assumption on the terms and conditions set forth in the Purchase Agreement of the Assumed Contracts assigned to Buyer, are hereby approved and authorized, provided that the requirements of section 365 of the Bankruptcy Code are satisfied as set forth in the Debtors' Notice of Intent to Assume or to Assume and Assign (as defined below). Buyer, the Debtors and counsel to the Creditors Committee shall keep confidential the schedule of Executory Contracts as set forth in Section 3.5(d) of the Purchase Agreement (such schedule shall not be provided to the individual members of the Creditors Committee but may be provided to the advisors for the Creditors Committee)

13. Subject to (a) the later of (i) the Closing, or (ii) the applicable State PUC Consent or FCC Consent, or (b) an Early Closing Election, the Debtors are hereby authorized and directed in accordance with sections 105(a), 363, and 365 of the Bankruptcy Code to (x) assume and (subject to the terms and conditions of the Purchase Agreement) assign to Buyer the Assumed Contracts to which Allegiance and/or ATCW are a party and if an Early Closing Election is made, all other Assumed Contracts, free and clear of all Interests of any kind or nature whatsoever (other than Permitted Liens of the type set forth in clause (iii) of the definition thereof contained in the Purchase Agreement), provided, however, that the assignment shall not affect the rights of the non-debtor contract parties under the Assumed Contracts, and (y) execute

and deliver to Buyer such documents or other instruments as may be necessary to assign and transfer the Assumed Contracts to Buyer

14 Pursuant to the procedures set forth in and subject to Sections 3.5, 6.3 and 8.3 of the Purchase Agreement, the Assumed Contracts shall be, in the case of Assumed Contracts to which any of the Subsidiary Sellers are a party, assumed and, in the case of the Assumed Contracts to which Allegiance and/or ATCW are a party, or to which the Subsidiary Sellers are parties and an Early Closing Election is made, assumed and assigned to, and remain in full force and effect for the benefit of, Buyer in accordance with their respective terms, notwithstanding any provision in any of the Assumed Contracts (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts or conditions such assignment or transfer and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability with respect to the Assumed Contracts after such assumption and assignment to Buyer for matters arising after assignment and except as otherwise provided in any order or stipulation regarding assumption.

15. All defaults or other obligations of the Debtors under the Assumed Contracts (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code or other defaults as to which cure or performance may be excused by the Bankruptcy Code or other applicable law) shall be promptly cured by the Debtors or Buyer as set forth in the Purchase Agreement as provided in section 365(b)(1) of the Bankruptcy Code and the cure amounts with respect to the Assumed Contracts will be those amounts (the "Cure Amounts") established in accordance with the procedures set forth in the Bidding Procedures Order and Exhibit 2 thereto (as modified below).

16 With the exception of the Cure Amounts, except as otherwise set forth herein, each nondebtor party to an Assumed Contract hereby will be forever barred, estopped and permanently enjoined from asserting against the Debtors or Buyer, or the property of any of them, any default existing under the Assumed Contracts as of the later of date of (a) the Closing, or (b) the applicable State PUC Consent or FCC Consent or, against Buyer, any counterclaim, defense or other claim or interest under the Assumed Contracts asserted or assertable against the Debtors or their estates. All parties that provide telecommunications services pursuant to a tariff related to any of the Sale Assets are hereby directed to continue providing such services to the Debtors; provided, however, that with respect to any such party that is providing such telecommunications services pursuant to a stipulation with the Debtors pursuant to section 366 of the Bankruptcy Code, then such stipulation shall govern the provision of such services.

17 If the Debtors receive an objection to the cure amounts (the "Cure Amount Objection") set forth in the Notice of Intent to Assume or to Assume and Assign, they shall attempt to resolve such disputed cure amounts with the party asserting the objection. If a consensual resolution of the Cure Amount Objection cannot be reached, the Debtors or Buyer, as provided in the Purchase Agreement, will (a) pay in full the undisputed portion of such Cure Amount on or before the applicable date of assumption and (b) segregate the disputed portion of such cure amount (the "Segregated Amounts") pending the resolution of the Cure Amount Objection by this Court or by mutual agreement of the parties. In light of these procedures, the fact that any Cure Amount Objection is not resolved shall not prevent, delay or otherwise impair the assumption and assignment of any Assumed Contracts, and the objectors' only recourse after the relevant date of assumption or the assumption and assignment, as the case may be, shall be to the segregated amounts.

18 Notwithstanding anything to the contrary contained in the Bidding Procedures Order including, without limitation, Exhibit 2 thereof, the Debtors, in consultation with the Creditors Committee, shall modify the Contract Assignment Notice (as defined in the Bidding Procedures Order) in a manner satisfactory in form and substance to Buyer, before the Contract Assignment Notice is served as required under the Bidding Procedures Order, to provide notice of (a) the assumption of all Assumed Contracts by the Debtors, (b) the assignment to Buyer of the Assumed Contracts to which Allegiance and/or ATCW are party, and (c) in the event of an Early Closing Election, the assignment to Buyer of all Assumed Contracts (such Contract Assignment Notice, as so modified, is referred to herein as the "Notice of Intent to Assume or to Assume and Assign") The Cure Procedures (as defined in the Bidding Procedures Order) are hereby amended to reflect the foregoing modifications.

19 The Debtors retain the exclusive right to negotiate and settle claims with any Incumbent Local Exchange Carriers (collectively, the "ILECs"); provided, however, that the Debtors shall not take any action that adversely affects in any material respect relationships to be continued or otherwise enjoyed between any of Buyer and/or the reorganized Subsidiary Sellers, on the one hand, and any of the ILECs, on the other hand, without Buyer's prior written consent, which consent shall not be unreasonably withheld Buyer and the Creditors Committee shall have the right to participate in the Debtors' negotiation and settlement discussions with the ILECs and shall have standing to participate in any disputes before the Bankruptcy Court regarding ILEC and non-ILEC Cure Amounts. The Debtors shall keep Buyer and the Creditors Committee timely informed of the progress of such discussions. Any treatment of ILEC charges under the Bankruptcy Plan, or otherwise, shall be reasonably acceptable to Buyer.



20 Notwithstanding any of the foregoing, or anything else to the contrary contained in this Order, the Purchase Agreement or any documents executed therewith, nothing in this Order, the Purchase Agreement or any documents executed therewith shall be deemed to affect the rights of any ILECs. as to any executory contracts or unexpired leases, to object, respond, or otherwise be heard with respect to (without limitation) (a) the determination of whether any services or facilities are provided pursuant to an executory contract or unexpired lease, including without limitation whether any services or facilities provided to the Debtors by or subject to tariffs are provided under an executory contract, (b) the assumption and assignment of any such executory contract or unexpired lease to the Buyer, (c) the sufficiency, timing, terms and provision of any proposed adequate assurance of prompt cure of all defaults and future performance by the Buyer and/or the Debtors, and (d) the amount and timing of any cure and payments proposed by the Debtors (including without limitation whether the Debtors can satisfy their obligation to cure any defaults in whole or in part by setting off against alleged debts of such non-debtor contract counter-parties) Nothing in this Order, the Purchase Agreement or any documents executed therewith shall be a determination that any of the requirements for the assumption and assignment of any executory contract or unexpired lease of the ILECs have been satisfied and nothing in this Order, the Purchase Agreement and any documents executed therewith shall obligate any ILEC to provide any services to the Buyer following the closing. All rights of the ILECs and the Debtors, with regards to the matters relating to executory contracts or unexpired leases, are hereby fully reserved

#### Liquidated Damages

21. Pursuant to section 363(b) of the Bankruptcy Code and because damage suffered by Buyer in the event of any such termination would be impossible to calculate and the